

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 L-03 H-01 PA-01 AGR-01 OES-09 DOE-15
SOE-02 /125 W

-----074811 130840Z /15

R 111059Z AUG 78
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 3372
INFO AMEMBASSY ASUNCION
AMEMBASSY BOGOTA
AMEMBASSY BRIDGETOWN
AMEMBASSY BRASILIA
AMEMBASSY BUENOS AIRES
AMEMBASSY GEORGETOWN
AMEMBASSY GUATEMALA
AMEMBASSY KINGSON
AMEMBASSY LA PAZ
AMEMBASSY LIMA
AMEMBASSY MANAGUA
AMEMBASSY MEXICO
AMEMBASSY MONTEVIDEO
AMEMBASSY PANAMA
AMEMBASSY PORT AU PRINCE
AMEMBASSY PORT OF SPAIN
AMEMBASSY QUITO
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR
AMEMBASSY SANTIAGO
AMEMBASSY SANTO DOMINGO
AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A
TAGS: ECIN SELA VE
SUBJECT: SELA ACTIVITIES

REF: CARACAS 4231

1. EMBOFF VISITED SELA DIRECTOR, DR MALDONADO LINCE, TO DISCUSS

SELA PROGRAM DURING NEXT 6 MONTHS, INCLUDING UPCOMING ACTION COMMITTEE

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MEETINGS AND OTHER AREAS OF CONCERN. DURING DISCUSSION MALDONADO EXPLAINED THAT SINCE THE ACTION COMMITTEES WERE SET UP AS FLEXIBLE BODIES TO DEAL WITH PROBLEMS AS THEY OCCURRED, THERE IS NO LONG-TERM SCHEDULE. THE NEXT PLANNED MEETINGS ARE:

- 1) FERTILIZERS MEXICO CITY AUGUST 15-19
- 2) FOODSTUFFS CARACAS MID SEPTEMBER
- 3) FISH PRODUCTS LIMA END SEPT BEGINNING OCT

NO NEW ACTION COMMITTEES HAVE BEEN FORMED SINCE THE LAST GENERAL MEETING IN APRIL, ALTHOUGH THE AREAS OF FUTURE INTEREST WERE DETERMINED TO BE:

- 1) CAPITAL GOODS
- 2) PHARMACEUTICAL GOODS
- 3) FARM MACHINERY
- 4) ALUMINUM
- 5) WOOD, PULP AND PAPER
- 6) TOURISM

2. PRESENTLY SELA IS ATTEMPTING TO REACH A CONSENSUS OF ITS MEMBERS ON A CODE OF CONDUCT FOR TRANSNATIONALS, A COMMON POLICY FOR TECHNOLOGY TRANSFER AND A COMMON POSITION IN PREPARATION FOR THE 5TH UNCTAD.

3. FUTURE MEETINGS THAT SELA IS TAKING PART IN ARE:
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- 1) A MEETING THIS WEEK OF LATIN AMERICAN MEMBERS OF THE UN.
- 2) AN UPCOMING MEETING (NO DATE GIVEN) CONCERNING TECHNICAL COOPERATION OF DEVELOPING COUNTRIES, IN BUENOS AIRES, AND;
- 3) A MEETING THIS NOVEMBER IN MONTEVIDEO TO DISCUSS RELATIONS WITH THE EEC.

4. AFTER ANSWERING THE BASIC QUESTIONS DR MALDONADO DIGRESSED TO DISCUSS THE LARGER OVERALL CONCERNS OF SELA'S MEMBERS. APART FROM THE DISAPPOINTMENT OF THE COMMON FUND TALKS, THE FIRST CONCERN WAS THE DOLLAR'S DECLINE AND HOW THIS MIGHT IMPACT DISCUSSIONS BETWEEN THE DEVELOPED AND DEVELOPING NATIONS. HE EXPRESSED THE FEAR THAT INSTABILITY OF THE MONETARY SYSTEM WILL CONCERN THE DEVELOPED COUNTRIES TO SUCH AN EXTENT THAT THEY WILL BE LESS ABLE AND DISPOSED TO FOCUS ON THE PROBLEMS OF DEVELOPING COUNTRIES. LATIN NATIONS, HAVING MOST OF THEIR RESERVES IN DOLLARS, FELT PARTICULARLY PREJUDICED. THE VALUE OF THEIR RESERVES HAVE BEEN DECLINING IN THE FACE OF INCREASINGLY EXPENSIVE, BUT NEEDED, CAPITAL IMPORTS FROM NON-DOLLAR AREAS.

5. TO MAKE A BAD SITUATION WORSE, HE SAYS SELA'S MEMBERSHIP SEES AN EVENTUAL INCREASE IN THE PRICE OF OIL INEVITABLE, THUS

FURTHER PREJUDICING AND POSITION OF ALL DOLLAR RESERVE AND DEVELOPING, NON-OIL EXPORTING NATIONS. NOT ONLY WOULD THE INCREASE PRICE CAUSE THEM TO DEplete THEIR RESERVES FASTER, FOR NEEDED OIL IMPORTS, IT WOULD BE PASSED THROUGH TO ALL DEVELOPING NATIONS AS HIGHER PRICES FOR NEEDED CAPITAL IMPORTS.

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